

\$1,200,000 in Savings Could be Realized by Sterling Residents

A referendum on the March 20 ballot could bring savings of \$1,200,000 to residents of Sterling alone: that's \$176.07 in average annual savings that could be enjoyed per household, according to the consulting firm Rock River Energy Services, Co., which led many Illinois communities through a similar program in 2011.*

This portends a potential \$1,200,000 in spending power that could remain within the community.

Nearly 300 Illinois municipalities have placed a similar referendum regarding community residential electric aggregation on the March 20 ballot. The State of Illinois has enabled municipalities to negotiate lower electric rates for their entire community (residents and small businesses). But first, a referendum must pass with a simple majority prior to engage in negotiations for lower rates. For Sterling voters, the referendum reads:

Shall the City of Sterling have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such program? Yes / No

The majority of commercial electric users already switched to lower cost suppliers in the years since the State deregulated the market. Because residents were not taking advantage of lower prices, the State passed legislation in 2009 providing for municipalities to negotiate lower rates on behalf of their entire communities, but with the provision that any resident who did not want to switch to a new supplier could simply opt out.

Deregulation of electricity in Illinois has incidentally dovetailed with downward pressures on electric prices (led by a slowing economy and weakening natural gas prices). This has created a timely financial opportunity.

It's all about savings: Nineteen Illinois municipalities passed such a referendum in 2011; all are now paying rates below the current ComEd residential rate of 7.73 cents per kWh. When a community enters negotiations by pooling together its entire electric load, suppliers are willing to offer substantially lower rates than individual offers; they pass along the economies of scale achieved by reduced customer acquisition costs.

Other states having successfully undertaken municipal electric aggregation include California, Massachusetts, New Jersey, Ohio and Rhode Island.

The benefits are high and risks are few. It's all about freedom of choice: No resident is required to move to the new provider; they will receive a notice whereby they can "opt-out." Residents are free to choose a third supplier. ComEd will continue to originate bills; the difference is the new supplier's name and the lower rate would be listed under the bill portion "Electric Supply Services." ComEd would continue to deliver electric power. Thus, residents would still call ComEd for outages.

Voters who do not want to declare a party affiliation at the presidential primary may request a non-partisan ballot to vote on the referendum.

For more information, contact Sterling City Hall or Mike Mudge at Rock River Energy Services, Co. 815-732-4603.

* *Calculation of these estimates* are based on savings achieved in the most recent municipal electric aggregation contracted in Illinois: The current ComEd electric supply rate of 7.73 cents per kWh, less the rate of 5.43 cents per kWh, and based on Sterling's actual cumulative household electric load usage data for the 12-month period ending December 2011.